

The Resurgence of Nigerian Based Crime



A Growing Concern for U.S. Law Enforcement

By: James J. Hurley

"Welcome to Nigeria, world capitol of the business scam. Shake hands, but be sure to count your fingers."

Washington Post Foreign Service Correspondent

Keith Richburg, 1992

THE RESURGENCE OF NIGERIAN BASE CRIME

A Growing Concern for U.S. Law Enforcement

The Background

Nigeria is a developing West African country that has experienced vast periods of both economic and political instability. Nigeria's ruling military regime was ranked in a 1996 survey of international business executives as having the most corrupt government in the world. In 1999 Nigeria's military government yielded to civilian rule which brought the nation hope for stability. The hope faded quickly as the country became even more unstable and lawless.

The root cause of this instability is found in Nigeria's vast natural resources, which include gas, coal, and most notably, crude oil. Nigeria is the sixth largest producer of crude oil in the world. It is these vast oil resources, which brought an economic boom, or what many Nigerians term the economic exploitation by the major oil companies, to the country in the late 1970's when investors poured foreign money into an attractive non Middle Eastern source of energy.

The influx of foreign investment into this oil rich country poised Nigeria for long-term economic success as the cost of oil rose to over \$50.00 a barrel. This economic boom provided many individuals in Nigeria with a taste of wealth and upper class lifestyle, which they had never before experienced. As foreign money and investors poured into Nigeria, the country was establishing itself as an economic center in West Africa. During the 1980's, however, the economic prosperity, which Nigeria had experienced, fell victim to an oil glut, which hit the international market, and dramatically depressed the price of oil from \$50.00 a barrel to \$18.00 a barrel. This economic depression caused unemployment in the country to soar and the economy to collapse. The collapsed economy drove the income of the average working class Nigerian citizen to drop by more than 50%. As unemployment rose and the economy continued to falter crime and lawlessness became the norm in Nigeria and even today lawlessness continues to be the norm in vast portions of Nigeria.

Present Day Nigeria

In mid November 2000, Nigeria was again thrust into the international spotlight when riots erupted between religious groups, just as the country was preparing to host the Miss World beauty pageant. By the time the riots were over, more than 200 people had been killed in the capital, and the organizers of the Miss World pageant moved it out of Nigeria. International media coverage of the incident allowed the world to once again see first hand the turmoil plaguing this West African country.

Nigeria remained in the national spotlight as the country struggled to establish its first non-military democratic government. The violence leading up to the elections was overshadowed only by the death toll, which occurred during the elections. Nigeria had once again been showcased in the international media as a violent, lawless and dangerous country.

The Rise of Nigerian Criminal Organizations (NCO's)

Rising out of the collapse of the Nigerian economy, and its corrupt government, were criminal organizations, which would become known around the world as Nigerian

Criminal Organizations (NCO's). A publication released by the Minneapolis office of the FBI indicates that Nigerian criminal enterprises engage in worldwide drug importation and distribution, money laundering, and fraudulent activities, such as credit card, bank, insurance, and student loan frauds. Barons direct international operations from within Nigeria head these enterprises which are well organized, yet fluent, and operate an intricate network of cells that are associated along tribal lines. The average cell includes 10-14 members, and the exact number of cells operating in the country is unknown. The cells are highly organized and sophisticated and difficult for law enforcement to infiltrate.

As these groups became increasingly organized along family, tribal, or religious lines, they expanded their operations into other illegal activities. Nigerian criminal organizations developed large-scale, highly sophisticated international drug trafficking operations, which are responsible for a large percentage of heroin imported into the United States. The growth of the Nigerian criminal organizations has been aided by their ability to operate openly in the secure home base of operation in Nigeria. The country lacks both legislation, and law enforcement to control these operations

NCO's and Criminal Activity

“The criminals typically make their money by extracting ever-escalating sums of money for bribes, bank fees and the like from their "business partners," that is, the folks they scam.”

Federal Republic of Nigeria Website on Fraud

Narcotics Trafficking: Early on in the history of Nigerian criminal organizations, the NCO's were involved exclusively in the trafficking of domestically grown marijuana, which the NCO's smuggled from Nigeria into Europe. The criminal organizations established their distribution network through tribal and family connections, which provided a unique challenge to law enforcement.

The financial success that the organizations achieved in marijuana distribution encouraged them to expand into more profitable areas, such as the cocaine and heroin trade. The NCO's acquire heroin in Pakistan, repackage it into smaller amounts and use couriers to smuggle it into the United States. Cocaine is acquired from Columbia and similarly smuggled into the United States. With international distribution networks already in place from their earlier marijuana distribution, the heroin and cocaine trades proved highly lucrative to these organizations. So profitable was the illegal narcotics business that most of the drug couriers utilized by the Nigerian organizations were able to reap enough financial success that they could move to the United States. Once in the United States, they settled, and then established their own lucrative narcotics trafficking networks, which still operate today.

Money Laundering: As the Nigerian criminal organizations reaped the profits from their lucrative drug trafficking, they were faced with the logistical dilemma of having too much money. In order to avoid detection by United States law enforcement the NCO's needed to launder their money. The Nigerian organizations decided rather to pay to have their money laundered than they would use the more financially lucrative method of moving their own money out of the country. The result of moving their money out of the country into off shore accounts was that the Nigerian criminal organizations maximized

their profits by removing the middleman, and his money-laundering fee. Once the money was out of the United States, it could then be infused into legitimate businesses making the money appear to be legitimate.

Financial Crimes and Schemes: While drug trafficking and money laundering proved to be extremely profitable for the Nigerian criminal organizations, they also established themselves in the early 1980's as a well-organized operation in the area of financial crimes. The Nigerian criminal organizations easily transitioned to this type of criminal activity, which utilized their extensive financial knowledge, and technical skills, which they had developed in their illegal narcotic and money laundering organizations. These skills have permitted the NCO's operated highly profitable financial schemes in the United States for more than two decades.

The Advance Fee Fraud Scam aka the "Nigerian 419" Scam: The crown jewel of Nigerian criminal organizations is the Advanced Fee Fraud scheme, which is more commonly referred to as the "Nigerian 419 scheme", deriving its name from the section of Nigerian law governing this type of criminal activity. The Nigerian Advance Fee Fraud scheme is the most common criminal activity that United States law enforcement is called upon to investigate. In a Nigerian Advance Fee Fraud scam, the victim receives an unsolicited email from a source claiming to be high level representative of the Nigerian government (See Attached Sample on Page #8). In this letter, the Nigerian government official informs the recipient that he is seeking a reputable foreign country or individual into whose account he can deposit \$29,500,000.00 that the Nigerian government overpaid on a government contract. The overpayment needs to be moved out of the country for investment purposes. All the victim needs to do is permit the money to be deposited into their account, and they will be paid a 30% commission for their assistance. If the victim agrees, they are told they must provide bank account information, and a signature. If they do, the NCO's use the information to drain the victim's bank account. If the victim does not provide information, the victim is sent a check to deposit into their bank account. The victim is told to hold the check until it clears, and then wire transfer the money, less the victim's 30% commission for assisting to the Nigerian Criminal Organization, that has posed as a government official. Once the victim is told the check has cleared (See Banking Myths on Page #11) and transfers the money the money then becomes virtually untraceable. Everyone appears happy with this lucrative business agreement, until several weeks later, when the original check, which was sent to the victim by the NCO, is discovered to be counterfeit, and bounces back on the victim's bank account. The victim, and/or the bank are now out the money and the Nigerian criminal organization is sitting safely in Nigeria with the cash in hand.

The Latest Advance Fee Fraud: There has been a new twist in the Nigerian Criminal Organization's thriving Internet based advance fee fraud scam. In this new scam the NCO's are posing as overseas automobile brokers looking to purchase cars and boats, which are often listed for sale online. The Nigerian Criminal Organization contacts the individual selling the vehicle, and informs the seller that they will send a cashier's check to purchase the vehicle. The seller is told they should be prepared to transfer the vehicle once the check they have received clears the bank. The cashier's check which has been sent to the seller is always for several thousand dollars more than the agreed upon sale price for the vehicle. The seller is told by the Nigerian criminal organization that the extra money has been included as the shipping fee for the vehicle. The victim is instructed to

wire the shipping fee to the shipping company once the check clears. The shipping company will then pick up the vehicle from the victim. The seller believing they have a legitimate cashiers check waits several days for the check to clear the bank and then wire transfers the shipping fee to the shipping company. Unfortunately, it can take weeks for counterfeit checks to be detected by banks. The scam is taking advantage of a little known loophole in the United States banking system. Most consumers don't understand that when a bank informs a customer that a check has cleared, the bank is not indicating that the check is legitimate. Under federal law, depending on the type of check deposited, banks must give their customers access to the funds within one to five days. Checks of larger amounts in excess of \$5,000.00 can be placed on hold for longer periods, but most banks are reluctant to inconvenience their customers by exercising this additional hold. The Nigerian criminal organization's take advantage of this loophole and in a relatively short time have the shipping transferred to them in an untraceable manner. Several weeks later, when the check bounces, the NCO's are long gone, leaving the consumer holding the bag for the bad check, and additionally they have lost the money sent to the shipping company.

In some instances the bolder NCO's have sent representatives out to pick up the car and the shipping fee. In these cases when the counterfeit check is discovered the victim's bank account is charged back for the bad check and they have also lost their vehicle that has been quickly shipped out of the country and the victim has also lost their fee.

Technology and the NCO's

The Nigerian criminal organizations have used the evolution of technology to promote their financial crimes. Their use of high technology has provided them instant access via the Internet to potential victims for their schemes. The NCO's have evolved technologically and criminally while at the same time keeping them several steps ahead of the law enforcement community, which is continually pursuing them.

Technologically the NCO's have evolved in the same manner that the corporate world has developed. In the early 1980's, the Nigerian criminal organizations used mass bulk mailings to distribute their illegal schemes. As technology progressed so did the NCO's. In the early 1990's, the Nigerian criminal organizations abandoned their bulk mailings and converted the distribution of their financial scheme operations to the fax machine. Today the NCO's are now operating the same schemes that we've seen for the past 20 years via e-mail and the Internet.

Nigerian Criminal Organizations are progressive and technically knowledgeable. Over the past several months, the United States has seen the resurgence of the numerous financial crimes perpetrated by Nigerian criminal organizations. These crimes are occurring with dramatic frequency and a high level of victimization. The schemes reap huge profits and they are difficult for law enforcement to investigate. Current information from the law enforcement community indicates that Nigerian criminal organizations are active in at least 60 countries, including the United States. The United States, however, is the prime target of these organizations, as the country's population is a virtual list of individuals who can potentially be targeted for fraud. The Town of Shrewsbury, Massachusetts with a population of 32,604 has an average of 5 complaints filed each week pertaining to Nigerian "419" scam letters.

REALITY WITHIN THE NCO's

The statistics indicate that Nigerian Advance Fee Frauds reaps hundreds of millions of dollars annually for these organizations, and these losses are continuing to rise. It is difficult to specifically estimate the dollar value that is lost to the Nigerian Criminal Organizations, as many victims do not report their losses due to fear or embarrassment.

In an even more sophisticated version of the Nigerian 419 scam, potential victims are often requested to travel to Nigeria or a bordering country to complete the monetary transactions. The potential victim is advised that a visa to enter the country will not be necessary, and the Nigerian Criminal Organization then assists the individual in entering Nigeria through illegal means, usually by bribing an official to secure the victim's entry into the country. Entry into Nigeria without a visa is a serious offense carrying potential criminal charges and a long prison sentence. The Nigerian Criminal Organization will then use the individual's illegal immigration status as leverage to extort additional funds from the victim. The victim is essentially held hostage until the NCO receives a substantial amount of money. There have been numerous cases recorded where individuals who have gone to Nigeria as part of a 419 scam have been killed.

What is on the Horizon

The NCO's are changing again with the times. They are now heavily into identity, theft, credit card fraud and forwarding scams. These three new areas of criminal expertise go hand in hand for the NCO's. They assume an identity; they then apply for credit cards under the assumed identity. Once they receive the credit card issued to the assumed identity the NCO's use the Internet to ring up the charges. They will make multiple purchases with the credit card keeping the balance low on each purchase to avoid raising suspicion. The NCO's purchase designer clothes, toner cartridges, and electronic items, which are in high demand in Nigeria. The merchandise is then forwarded through an elaborate network of phony names and addresses eventually ending up in West Africa where it is sold for top dollar. Often the merchandise is out of the country and sold before the credit card companies and retailers are aware the fraud has occurred.

The Law Enforcement Challenge

The current political climate in Nigeria permits these scams to operate virtually unchallenged by Nigerian law enforcement. The rapid transfer of money out of the country leaves United States law enforcement with little enforcement capability. Several federal law enforcement agencies have undertaken law enforcement initiatives in Nigeria in cooperation with the Nigerian government and Nigerian law enforcement. While these programs have met with some success it pales in comparison to the scope of the problem. The best initiative for U.S. law enforcement to combat these types of scams is to educate the public so that they avoid becoming potential victims of the NCO's.

Authors Note

In order to protect yourself from a Nigerian 419 scam, or any other of the hundreds of financial scams operating in this country, you should follow a simple rule. That rule is ***"If it sounds too good to be true, it is"***.

Sample “419” Fraud Letter

**ALHAJI USMAN IDRIS
TEL/FAX:234-1-5851412
11TH AGUST, 1995.**

RE: TRANSFER PROPOSAL

Sir,

Introducing my self to you, I am ALHAJ USMAN IDRIS. An officer of the Nigerian National Petroleum Corporation (NNPC). You are reliably introduced to me by an associate whom I consulted in my search for a reliable individual/company who can handle a very strictly confidential transaction which involve a transfer of a reasonable sum of money to a foreign account.

There is about 29.5 Million US Dollars at my department awaiting remittance. This money represent the surplus of an over invoiced valued contract executed to the Nigerian Petroleum Corporation which was completed some years back. I now seek if you permit that the money to be remitted to your personal / company's account so that the money to be remitted would be shared mutually among the parties concerned, viz., yourself and the officers where this money originated. I assure you that this transaction is risk free as officers of proven integrity, and position are involved. Every machinery has been set in motion for a smooth and quick transfer of this fund.

However, I would wish to receive your personal assurance that you are not going to sit on this money when it goes into your account. More importantly, you keep confidential this transaction as not to tarnish the confidence reposed on the officers by the nation's financial house.

Tentatively, we have agreed that 60% of the money goes to the officers where this money originated, 30% to the owners of the account while 10% would be used to defray whatever expenses that may be incurred in course of the transaction between both parties.

For formal processing of necessary papers, we shall need as urgent.

The name of your bank, address, fax and account number to be used and also your personal phone number.

Furthermore, if I find you reliable, I shall use my position in the corporation to make available, 3.3 MBBLS of Nigeria light crude oil (10%) for spot lifting at less USD\$7.00 WTI price payable at shipment. I shall furnish you with details as soon as I see signs that you can make adequate arrangements with whoever may need the consignment. Please if you are unable to do the business, please kindly contact me with another business man who is reliable and can act well.

Your urgent reply is needed.

Yours faithfully,

ALHAJ USMAN IDRIS.

How to Identify a “419” Advance Fee Fraud Letter

The primary indicator that an e-mail, fax or letter is fraudulent is that it is unsolicited. The following characteristics may be found in an advance fee fraud letter which is often referred to as a Nigerian “419” Scam Letter.

1. Historically mailed out, they have progressed on to faxes, then e-mails.
2. Many are addressed to "president" or "CEO," rather than a specific name.
3. They are marked "urgent" and "confidential."
4. They may contain spelling mistakes and grammatical errors, which give you a sense of intellectual superiority, sympathy, or assurance of origin.
5. If mailed to you it will have foreign, exotic stamps. Written almost always in all capital letters reminiscent of older teletypes even though currently e-mailed.
6. The dollar amounts to be transferred, invariably in the tens of millions of dollars, are also written out in text form. i.e. \$32,460,000 USD (Thirty-two million, four hundred and sixty thousand United States Dollars)
7. They say you have been recommended for, or they have verified, your honesty and business acumen.

Remember the e-mail , fax or letter is the most important part of the scam. It sets the stage for all the future criminal activity.

(The majority of the information on this page is reprinted from <http://www.crimes-of-persuasion.com/Crimes/Business/nigerian.htm>)

Believing in Myths Leads to Victimization

Banking Myth #1 : "A bank draft or cashier's check is as good as cash, right?"

Wow, bad call. Everyone is under the false impression that bank drafts are as good as cash. There are tons of counterfeit cashier's checks floating around that scam people every day. Counterfeit cashier's check fraud is everywhere on every type of financial instrument. There is so much cashiers check fraud out there that I don't think you can trust any cashier's check or bank draft to be valid. This holds true for all money orders, bearer bonds, and other financial instruments. Even the post office has been deluged with counterfeit postal money orders. People don't check for the few post office watermarks which could instantly identify counterfeit money orders forged to look like official post office money orders. The problem is so out of control, that no bank is safe from having their cashier's checks counterfeited. It happens to the smallest regional bank, all the way up to Bank Of America. In fact, look at the [FDIC Monthly Special Alerts List](#). Month after month, it's filled with counterfeit check notices and stolen bank draft checks from banks all over the country. One of my theories is that there may be someone involved on the inside at check printing companies who is forging the counterfeit cashier's checks, many with bogus account numbers and bank routing numbers. Another theory I have is they can steal new checks right out of your mailbox when they arrive from your bank. Let these words forever ring in the back of your mind in any of your financial dealings going forward:

A Cashier's Check Is A Worthless Piece Of Toilet Paper Until It Clears The Issuing Bank.

Banking Myth #2: "Bank drafts or cashiers checks clear the next day, right?"

Wrong again, another urban legend exposed. Propagating the problem further, many bank tellers, ignorant of their own bank's internal operations, are disseminating bad information to their customers, telling them the bank drafts clear in 24-48 hours. What really happens is that per the 1992 Federal Reserve Regulation CC, the bank MUST make the funds available in 48 hours, but the check has not cleared/bounced yet. Get the picture? Two different events, the bank makes funds available, then the check either clears or bounces about a week later, after bouncing around to incorrect Federal Reserve locations, or bank accounts. Virtually no one understands the big picture mechanics behind depositing checks, including tellers. The average bank draft or cashiers check can take 2 weeks to clear, not 2 days. Yet everyone thinks cashiers checks are as good as cash, and clear the next day. Bottom line, the scammers know the banking system well, and capitalize on this arbitrage quite well. The banks make the funds available in your bank account within 48 hours of your deposit, days before the cashiers check clears- or bounces.

(Reprinted from the Consumers Guide to preventing Fraud which can be found at <http://www.carbuyingtips.com/fraud.htm>)

References:

1. National White Collar Crime Center (NWC3)
2. Reprinted article from Wired News at www.wired.com/news/culture
3. Internet Scam Busters
4. The Nigerian Advance Fee Scam: The United States Secret Service Public Awareness Advisory regarding 419 or Advance Fee Fraud scams;
5. U.S. Department of State: Consulate Information sheet July 19, 2002;
6. Global Organized Crime at www.american.edu/projects/mandela/TED/hpages/crime/nigeria;
7. Minneapolis Division of the FBI - Nigerian Organized Crime and Drug trafficking article;
8. Nigerian 419 Coalition website
9. Better Business Bureau; Nigerian Letter Scams Go High Tech (June 10, 1999)
10. Better Business Bureau; Nigerian Rip-off (April 6, 1998)
11. Nigerian Organized Crime <http://www.underground-affairs.com/Nigerian.htm>
12. <http://www.nigerianfraudwatch.org>
13. Nigeria's Vigilante Justice at <http://www.motherjones.com>
14. Shrewsbury, Massachusetts Police Department Case Files
15. <http://www.carbuyingtips.com/fraud.htm>

